

Bureau of Insurance Statement Regarding Maine Community Health Options

April 7, 2017

Consistent with the Bureau of Insurance's ("BOI") practice, this statement concerns Community Health Options' ("CHO") results for February. CHO delivered its proposed 2017 Business Plan to the BOI in early March; while the Plan is still under review, this statement compares CHO's February results to that Plan in order to provide the reader with a reasonable basis for comparison.

What follows are the key results for February:

- Paid claims were 18.1% lower in February than Plan. Incurred claims for February were 4.2% lower. Paid claims YTD were 7.3% lower than Plan and Incurred claims YTD were 3.8% lower. The number of open claims at the end of February was 22.7% lower than at the end of January. The Average Daily Dollar Amount in the Claim Inventory at the end of February was 16.8% lower than at the end of January.
- The percentage of Net Outstanding Claims Inventory (which is the total pending Submitted Amount at February 28, 2017) in the 0-30 day period (90.5%) was lower in February than January (104.9%). The 0-60 day period inventory (102.1%) was lower than January (106.3%). (Some of these numbers are greater than 100% because the 91+ day category was a negative amount reflecting credits due CHO.) The BOI is monitoring the aging of the claim inventory on a weekly basis and can report that as of the end of March the percentage of the total Net Outstanding Claim Inventory in the 0-30 day period was 103.5% and for the 0-60 period 105.7%, roughly the same as at the end of January.
- Membership at the end of February was 2.2% higher than Plan. The membership breakdown was 75.0% individual, 23.1% small group and 1.9% large group. Net premium income in February was 0.1% lower than the Plan and YTD 1.1% higher than Plan. It is expected that CHO's membership will decrease somewhat throughout 2017.
- Total expenses in February were 10.4% lower than Plan for the month. YTD total expenses were 19.3% lower than Plan. Some of this favorable variance may be attributable to timing differences.
- The \$3.0 million of net income reported for February was 14.6% better than Plan. YTD net income of \$3.5 million is 122% higher than Plan. This favorable variance is largely due to lower total expenses.
- CHO's reported bonds, cash, cash equivalents, and short term investments in February were 1.0% higher than Plan but 7.5% lower than at the end of January.

The BOI will continue to closely monitor CHO's performance and post monthly statements about its results.